



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES
DIRECTOR

SUBMITTED: December 7, 2009
RESUBMITTED: January 11, 2010

MEMORANDUM TO THE DIRECTOR

Information: Natural Resources Commission

Subject:

Three Direct Underground Gas Storage Leases, Development with Restriction.

Authority:

Part 5, Department of Natural Resources, Section 502, of the Natural Resources and Environmental Protection, 1994, PA 451, as amended (NREPA).

Applicant:

Mid Michigan Gas Storage Company, Houston, Texas

Jurisdiction:

Department of Natural Resources Surface and Mineral Ownership

Land Descriptions:

Section 11, T27N, R07W, Kalkaska Township, Sections 19 and 30, T28N, R06W, Coldsprings Township, and Sections 13, 23, 24, 25, and 26, T28N, R07W, Rapid River Township, Kalkaska County, 1,919.84 acres, more or less.

Lease Terms:

Seven year primary term, and so long as natural gas is stored and facilities are maintained. Lease bonus of \$50.00 per acre (\$95,992.00). Annual rental of \$7.50 per acre, adjusted on each five (5) year anniversary date, to be determined by the percent change in the Detroit Consumers Price Index for the previous five year period.

Restrictions:

"Limited Surface Disturbance". Surface use limited to the approved plan of development. Any changes to the plan must be approved by Department of Natural Resources field staff.

NATURAL RESOURCES COMMISSION

Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • John Madigan • Timothy L. Nichols • J. R. Richardson • Frank Wheatlake

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Notice:

This item appeared on the Department's January 25, 2010 Business Calendar, was published in The Leader and the Kalkaskian on June 24, 2009, and is eligible for approval on February 4, 2010.

Recommendation:

Three Development with Restriction direct underground gas storage leases be issued to the Applicant pursuant to the above terms and conditions.

Lynne M. Boyd, Chief
Forest, Mineral and Fire Management

Russ Mason, Ph.D., Chief
Wildlife

Kelley D. Smith, Ph.D., Chief
Fisheries

Arminda S. Koch
Resource Management Deputy

I approve the staff recommendation.

Rebecca A. Humphries
Director

Approval Date

THREE DIRECT UNDERGROUND GAS STORAGE LEASES

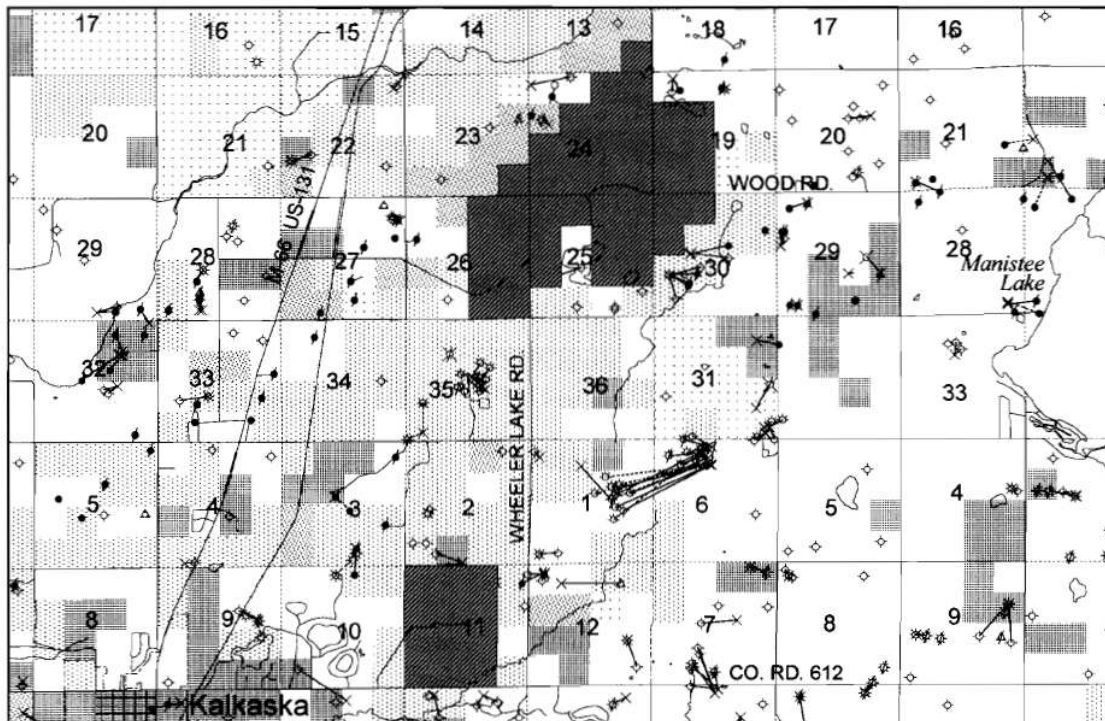
Mid Michigan Gas Storage Company






Section 11, T27N, R07W

Sections 19 and 30, T28N, R06W

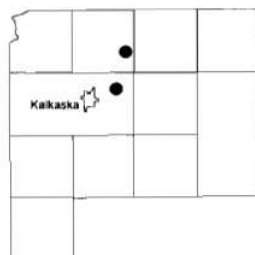
Sections 13, and 23-26, T28N, R07W

Kalkaska County



-  State land to be leased for underground gas storage (1,919.84 acres, more or less)
-  DNR surface ownership
-  DNR mineral and surface ownership
-  DNR mineral ownership
-  Mixed DNR ownership
- / Plugged well
- x Surface location

- Oil well
- ☆ Natural gas well
- * Gas condensate well
- ⊗ Gas storage well
- △ Brine disposal well
- ◇ Dry hole
- ⊗ Observation well
- Permitted well location



KALKASKA COUNTY



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